

Message Text

PAGE 01 NATO 02950 01 OF 04 261748Z

43

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-03 INR-07 L-03 ACDA-05

NSAE-00 PA-01 PRS-01 SP-02 USIA-06 TRSE-00 SAJ-01

SS-15 NSC-05 EB-07 /069 W

----- 067676

R 261630Z MAY 75

FM USMISSION NATO

TO SECSTATE WASHDC 2039

SECDEF WASHDC

DOC WASHDC

DCAS CAMERON STA ALEX VA

INFO USNHLO PARIS

DCAS WASHDC

DA WASHDC

DCASR BOSTON MASS

DCSAR BURLINGAME GA

LIMITED OFFICIAL USE SECTION 1 OF 4 USNATO 2950

E.O. 11652: NA

TAGS: ASEC, MILI, NATO

SUBJECT: SHIPMENT OF CLASSIFIED MATERIAL FROM CONUS TO OVERSEAS

SECDEF FOR OASD(I&L)IP (MR. D. CUFFE);OASD(C)-MR. H. LEWIS;

AND OASD(ISA) FOR DAS/IEA (DR. MOUNTAIN). DA FOR DCSLOG.

REFS: A. USNATO 5236, 252050Z SEP 74.

B. DALO-ILS MSG 041618Z OCT 74.

C. NATO DOCUMENT C-M(55)15(FINAL), VOL. II, ENCLOSURE D,
REVISED 4 OCT 74, SUBJ: INDUSTRIAL SECURITY.

D. DOD 5220.22-M, APR 74, INDUSTRIAL SECURITY MANUAL
FOR SAFEGUARDING CLASSIFIED INFORMATION.

BEGIN SUMMARY. MESSAGE ADDRESSES CLASSIFIED EQUIPMENT TRANS-
PORTATION PROBLEMS FACING NATO-HAWK ORGANIZATION AND RAYTHEON,
PRIME CONTRACTOR IN NATO-HAWK IMPROVEMENT PROGRAM. PROBLEMS

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 NATO 02950 01 OF 04 261748Z

NOW ARE RELATED TO THOSE OF LAST YEAR WHICH CONCERNED VARIAN
ASSOCIATES IN KLYSTRON TUBE PROCUREMENT CASE. MISSION RECOMMENDS
WASHINGTON REVIEW AND REVISE TRANSPORTATION SECURITY REGULATIONS
TO MESH MORE CLOSELY WITH NATO SECURITY PRO CEDURES. PROPER

PRECEDENT ESTABLISHED FOR NATO-HAWK SHOULD BE HELPFUL TO FUTURE NATO PROGRAMS SUCH AS AWACS AND F-16 FIGHTER. MISSION REQUESTS INITIAL RESPONSE BY COB 16 JUNE, ONE WEEK PRIOR TO NEXT NATO-HAWK BOD MEETING. END SUMMARY.

1. RAYTHEON CORP.BZN US PRIME CONTRACTOR FOR THE NATO-HAWK IMPROVEMENT PROGRAM, HAS BEEN EXPERIENCING CONSIDERABLE DIFFICULTIES IN SHIPPING CLASSIFIED ITEMS OF EQUIPMENT OT SUBCONTRACTORS LOCATED IN NATO-HAWK COUNTRIES. PRESENTLY, RAYTEHON USES SOME QUOTE INTERIM SOLUTION UNQUOTE PROCEDURES WHICH DO NOT APPEAR SATISFACTORY LONG-RUN SOLUTIONS AND CERTAINLY WOULD BE SUITABLE TO APPLY TO OTHER (FUTURE) PROGRAMS WHICH MIGHT OTHERWISE WISH TO USE NATO-HAWK PROCEDURES AS PRECEDENTS FOR TRANSPORTATION OF CLASSIFIED EQUIPMENT. BY WAY OF BACKGROUND, MISSION NOTES FOR WASHINGTON ATTENTION DETAILS OF A SIMILAR CASE FOR WHICH APPARENT RESOLUTION WAS ACHIEVED. DURING THE PERIOD MAY-DEC 74, THE NATO-HAWKS PRODUCTION AND LOGISTICS ORGANIZATION (NHPLO) WRESTLED WITH A DIFFICULT SITUATION INVOLVING A PROTEST BY VARIAN ASSOCIATES (A US CONTRACTOR) AGAINST INCURRECT BID EVALUATION PRACTICES BY NAMSA AND NATO-HAWSK MANAGEMENT OFFICE (NHMO) IN THE CASE OF A PROCUREMENT OF POWER KLYSTRONS(LARGE ELECTRON TUBES). VASIC TO THAT CASE WAS THE INCORRECT LOADING OF A BID SUBMITTED BY ARIAN WITH AN ACCESSORIAL CHARGE OF 22.5 PERCENT WHICH NHMO AND NAMSA ASSUMED TO BE REQUIRED FOR THE LEGAL TRANSPORTAIION OF CONFIDENTIAL CLASSIFIED MATERIEL FROM CONUS TO LUXEMBOURG. MISSION FOCUSED ATTENTION ON THIS PARTICULAR ASPECT OF THE CASE IN SEP 74 (REF A) AND RECEIVED WASHINGTON GUIDANCE IN RESPONSE IN OCT 74 (REF B). FOR BENEFIT OF ADDRESSEES NOT IN RECEIPT OF REFERENCES, PERTINENT EXCERPTS OF THOSE MESSAGES ARE REPEATED FOR INFORMATION.

2. USNATO 5236, PARA 2. BEGIN QUOTE.

AT MISSION SUGGESTION, VARIAN ASSOCIATES HAS DISCUSSED WITH THE DEFENSE CONTRACT ADMINISTRATION SERVICES REGION (DCASR) THE TRANSPORT OF CONFIDENTIAL CLASSIFIED PRODUCTS TO NAMSA. DISCUSSION WITH J. GRAHAM, CHIEF OF CONTRACT ADMINISTRATION, AND
LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 03 NATO 02950 01 OF 04 261748Z

L. VOGEL, TRANSPORTATION OFFICER OF DCASR OFFICE IN BURLINGAMEN CALIF., RE SUBJECT, REVEALED THAT THERE ARE AT LEAST THREE ACCEPTABLE MEANS OF SHIPMENT:

A. IF THE CONTRACT SPECIFIES A FREIGHT FORWARDER, THE FORWARDER WOULD NOT NEED TO HAVE ANY SPECIAL CLEARANCES. THE FORWARDER NEED ONLY UTILIZE THE SIGNATURE SERVICE SHIPPING METHOD. COST OF USING THIS SERVICE IS APPROXIMATELY 50 PCT. HIGHER THAN TYPICAL COMMERCIAL TRANSPORTATION WHICH WOULD MEAN COST OF SHIPPING EACH KLYSTRON TUBE WOULD NOT EXCEED 5 PCT. FO UNIT PROCE.

B. ALTERNATELY, SHIPMENT COULD BE MADE BY ANY COMMERCIAL CARRIER

ACCOMPANIED BY SUITABLE ESCORT. ESCORT CAN BE HIRED FROM USG OR CAN BE A VARIAN EMPLOYEE WITH SUITABLE SECURITY CLEARANCE. ALL VARIAN ENGINEERING/TECHNICAL STAFF ARE CLEARED THROUGH SECRET AND WOULD BE COMPLETELY ACCEPTABLE TO DCASR AS ESCORT. SHIPPING BY THIS METHOD WOULD COST ABOUT SAME AS SIGNATURE SERVICE METHOD.

C. US ARMY CAN BE CALLED ON TO MAKE SHIPMENT. EXACT COST OF SHIPPING BY THIS METHOD IS NOT KNOWN AT THIS TIME SINCE IT IS NOT CLEAR AT WHAT POINT WITHIN US THE ARMY WOULD TAKE POSSESSION. IT IS ESTIMATED COST WOULD NOT EXCEED 10 PERCENT OF UNIT COST. VARIAN PLANS TO MAKE USE OF ONE OF THE ABOVE SHIPPING METHODS, AND WILL SELECT THE LEAST COSTLY METHOD ACCEPTABLE TO NAMSA/NATO.END QUOTE USNATO 5236, PARA 3: BEGIN QUOTE. VARIAN ALSO DISCUSSED SUBJECT WITH RAYTHEON CONTRACTS AND TRAFFIC MANAGERS IN ANDOVER, MASS. RAYTHEON MAKES MOST SHIPMENTS TO CAPELLEN VIA COMMERCIAL CARRIER WITH ESCORT AND HAS USED BOTH MILITARY ESCORT AND APPROVED RAYTHEON EMPLOYEE ESCORT. UPON COMPLETION OF THESE DISCUSSIONS VARIAN HAS CONFIDENCE THAT NO PROBLEM EXISTS IN TRANSPORTING POWER KLYSTRONS FROM PALO ALTO TO CAPELLEN AND BELIEVES THAT COST OF TRANSPORT AND INSURANCE WILL NOT EXCEED SIX PERCENT F.O.B. PALO ALTO PRICE. END QUOTE.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 01 NATO 02950 02 OF 04 261813Z

54

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-03 INR-07 L-03 ACDA-05

NSAE-00 PA-01 PRS-01 SP-02 USIA-06 TRSE-00 SAJ-01

SS-15 NSC-05 EB-07 /069 W

----- 067782

R 261630Z MAY 75

FM USMISSION NATO

TO SECSTATE WASHDC 2040

SECDEF WASHDC

DOC WASHDC

DCAS CAMERON STA ALEX VA

INFO USNHLO PARIS

DCAS WASHDC

DA WASHDC

DCASR BOSTON MASS

DCSAR BURLINGAME CA

LIMITED OFFICIAL USE SECTION 2 OF 4 USNATO 2950

USNATO 5236, PARA 4: BEGIN QUOTE.

4. IN MISSION VIEW, THESE TENTATIVE TRANSPORTATION ARRANGEMENTS

APPEAR TO BE SATISFACTORY, BUT VERIFICATION OF ALL DETAILS BACK TO POINT OF GOVERNMENT ORIGIN IS ESSENTIAL TO CONVINCE THE BOD THAT VARIAN CAN LEGALLY DO WHAT IT HAS PROPOSED TO DO.
BEGIN UNDERLINE ACTION REQUESTED: END UNDERLINE
VERIFICATION OF CITED TRANSPORTATION ARRANGEMENTS (WITH CORRECTIONS AS REQUIRED) AND AUTHORIZATION TO RELEASE DETAILS TO NHMO AND NAMSA AS OFFICIAL USG POLICY WITH RESPECT TO TRANSPORTATION OF CLASSIFIED ITEMS FROM US FACTORIES TO NAMSA AND ALSO TO OTHER AUTHORIZED ITEM RECEPTION POINTS WITHIN NATO. REPLY REQUESTED ON CONUS-NAMSA TRANSPORTATION BY COB 30 SEP 74, WITH INFO COPY TO NHLO, PARIS. IF TRANSPORTATION ARRANGEMENTS TO OTHER AUTHORIZED RECEPTION DEPOTS OR NATO-HAWK CONTRACTOR FACILITIES REQUIRE FURTHER ANALYSIS, REQUEST SEPARATE INSTRUCTIONS FOR THOSE CASES WHEN AVAILABLE. END QUOTE.
LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 02 NATO 02950 02 OF 04 261813Z

3. DALO-ILS MSG (REF B), SUBJ: NATO-HAWK BOD MEETING, 1-3 OCT 74. BEGIN QUOTE.
REF USNATO CONF MSG 252050Z SEP 74, SUBJECT AS ABOVE.
IN REPLY TO REF MSG, DA PREFERS THAT ALTERNATIVE B, SHIPMENT MADE BY COMMERCIAL ACCOMPANIED BY SUITABLE ESCORT, BE FOLLOWED.
AUTHORITY IS GRANTED TO RELEASE DETAILS OF THIS ALTERNATIVE TO NHMO AND NAMSA AS OFFICIAL POLICY WITH REQUEST TO TRANSPORTATION OF CLASSIFIED ITEMS FROM US FACTORIES TO NAMSA.
END QUOTE.

4. US MEMBER (COL LYNCH) OF NATO-HAWK BOARD OF DIRECTORS KBOD) RECEIVED REF B IN PARIS AT THE CONCLUSION OF THE BOD MEETING AFTER HAVING RECEIVED EARLIER CONCURRENCE IN TRANSPORTATION METHODS SET FORTH IN REF A FROM OASD(I&L), MR. N. WEISSMAN, BY TELEPHONE IN TIME TO PROVIDE THIS INFO TO THE BOD. ON THE STRENGTH OF THOSE INSTRUCTIONS US BOD REP PROVIDED NATO-HAWK GEN MGR WITH A LETTER DTD 3 OCT 74, SUBJ: TRANSPORTATION METHODS AND CHARGES, CONTINENTAL UNITED STATES TO EUROPE; QUOTED BLOW ARE PARAS 2 AND 3 OF USNATO LETTER TO NATO-HAWK WHICH ADDRESS THE SHIPMENT POLICIES. BEGIN QUOTE.

2. BASICALLY, THERE ARE AT LEAST THREE ACCEPTABLE MEANS OF SHIPMENT AVAILABLE TO US CONTRACTORS SUCH AS VARIAN, LOCATED IN PALO ALTO, CALIFORNIA. THESE SHIPMENT METHODS ARE ACCEPTABLE TO THE US DEFENSE CONTRACT ADMINISTRATION SERVICE REGIONS (DCASR), THE GOVERNING US GOVERNMENT AGENCY IN THIS CASE. THEY ARE AS FOLLOWS:

A. IF THE CONTRACT FROM NAMSA SPECIFIES A NAMSA CLEARED FREIGHT FORWARDER, THE FORWARDER WOULD NOT NEED TO HAVE ANY ADDITIONAL CLEARANCES BY THE US. THE FORWARDER NEED ONLY UTILIZE THE SIGNATURE SERVICE SHIPPING METHOD. COST OF USING THIS SERVICE IS APPROXIMATELY 50 PER CENT HIGHER THAN TYPICAL COMMERCIAL TRANSPORTATION. AS AN EXAMPLE, FOR A SHIPMENT OF POWER KLYSTRON TUBES, SHIPMENT COST WOULD APPROXIMATE 5 PER

CENT OF UNIT PRICE.

B. ALTERNATELY, SHIPMENT COULD BE MADE BY ANY COMMERCIAL CARRIER
ACCOMPANIED BY SUITABLE ESCORT. ESCORT CAN BE HIRED FROM THE
US GOVERNMENT OR CAN BE A CONTRACTOR EMPLOYEE WITH SUITABLE
LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 03 NATO 02950 02 OF 04 261813Z

SECURITY CLEARANCE. FOR EXAMPLE, IN THE CASE OF VARIAN, ALL
VARIAN ENGINEERING/TECHNICAL STAFF ARE CLEARED THROUGH SECRET
AND WOULD BE COMPLETELY ACCEPTABLE TO DCASR AS SHIPMENT ESCORT.
SHIPPING BY THIS METHOD WOULD COST ABOUT THE SAME AS THE
SIGNATURE SERVICE METHOD.

C. THE CONTRACTOR ALSO CAN ASK THE US ARMY TO MAKE THE SHIPMENT.
EXACT COST OF SHIPPING BY THIS METHOD MAY VARY DEPENDING ON
LOCATION WITHIN THE US WHERE THE ARMY WOULD TAKE POSSESSION.
MAXIMUM ESTIMATED COST WOULD NOT EXCEED 13.77 PER CENT OF
UNIT COST IF PICK-UP WERE MADE FROM A FACTORY IN PALO ALTO,
CALIFORNIA.

3. FOR CURRENT PLANNING PURPOSES, YOU SHOULD PLAN ON US CONTRACTORS
SUCH AS VARIAN AND RAYTHEON UTILIZING THE SECOND METHOD
DESCRIBED ABOVE. AT THIS TIME, THE OFFICE OF ASSISTANT SECRETARY
OF DEFENSE FOR INSTALLATIONS AND LOGISTICS (OASD-I&L) HAS
ADVISED ME TO RECOMMEND TO YOU THE SECOND
METHOD AS BEING COMPLETELY ACCEPTABLE. THE US IS NOW ENGAGED IN
ANALYZING OTHER FEASIBLE METHODS, INCLUDING THE FIRST AND THIRD
ABOVE, AND I TRUST THAT I WILL HAVE IN THE NEAR FUTURE SUITABLE
INTERIM (OR DRAFT) REGULATIONS WHICH ADEQUATELY DESCRIBE VARIOUS
SUITABLE TRANSPORTATION METHODS IN DETAIL.

END QUOTE.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 01 NATO 02950 03 OF 04 261823Z

54

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-03 INR-07 L-03 ACDA-05

NSAE-00 PA-01 PRS-01 SP-02 USIA-06 TRSE-00 SAJ-01

SS-15 NSC-05 EB-07 /069 W

----- 067804

R 261630Z MAY 75

FM USMISSION NATO

TO SECSTATE WASHDC 2041

SECDEF WASHDC
DOC WASHDC
DCAS CAMERON STA ALEX VA
INFO USNHLO PARIS
DCAS WASHDC
DA WASHDC
DCASR BOSTON MASS
DCSAR BURLINGAME CA

LIMITED OFFICIAL USE SECTION 3 OF 4 USNATO 2950

5. RAYTHEON BROUGHT CURRENT SHIPMENT PROBLEMS TO ATTENTION OF NATO-HAWK GEN MGR (MG COERDT) AND US BOD REP (COL LYNCH) AT ANDOVER, MASS. ON 10 APR 75. DURING PERIOD 10-18 APR COL LYNCH DISCUSSED MATTER WITH DCAS REPS IN BOSTON (LTC PHILBRICK AND R. GEZELMAN) AND WASHINGTON (M. MAYEUX), WITH OSD COMPTROLLER REP (H. LEWIS), AND WITH OASD(I&L) REP (D. CUFFE). N. WEISSMAN, COORDINATOR OF TRANSPORTATION MATTERS IN THE EARLIER VARIAN CASE WAS NOT AVAILABLE DUE TO RETIREMENT. THE SITUATION IS COMPLEX, AND ONLY HIGHLIGHTS OF CURRENT SERIES OF PROBLEMS ARE COVERED HERE.

6. RAYTHEON, WHICH IS OPERATING AS A PRIME CONTRACTOR IN A DIRECT SALE ARRANGEMENT WITH A LARGE NUMBER OF EUROPEAN SUBCONTRACTORS IN DIFFERENT COUNTRIES, HAS A CONTRACT WHICH CALLS FOR FOB-DESTINATION DELIVERY OF COMPONENTS AND MAJOR ITEMS COMING TO EUROPE FROM THE US. FOR REASONS NOT ENTIRELY CLEAR, PARTICULARLY IN VIEW OF THE ARRANGEMENTS CONCLUDED FOR VARIAN LAST YEAR, THE LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 02 NATO 02950 03 OF 04 261823Z

DCAS CURRENTLY WILL NOT PERMIT RAYTHEON TO SAFEGUARD ITS SHIPMENTS OVERSEAS WITH PROPERLY CLEARED RAYTHEON CONTRACTOR PERSONNEL. PERTINENT SECTION OF THE BASIC NATO SECURITY MANUAL (REF C), (TO WHICH US IS A SIGNATORY), PARA 103 IS EXPLICIT IN ITS AUTHORIZATION FOR SECURITY GUARDS TO BE QUOTE CIVILIAN OR MILITARY PERSONNEL AND MAY BE ARMED OR UNARMED DEPENDING ON NATIONAL PRACTICES AND ARRANGEMENTS MADE BETWEEN THE NATIONAL SECURITY AUTHORITIES OR DESIGNATED SECURITY AGENCIES OF THE NATIONS AFFECTED BY THE TRANSPORTATION UNQUOTE. IN THE CASE AT HAND, TO CLEAR THE ROADBLOCK AND EXPEDITE SHIPMENT, BOSTON DCASR HAS MADE ARRANGEMENTS WITH THE COMMANDER OF FT. DEVENS, MASS. TO UTILIZE, ON A TDY BASIS, MILITARY PERSONNEL TO SAFEGUARD THE SHIPMENTS. FOR THREE SPECIFIC REASONS, THIS SOLUTION APPEARS TO BE LESS DESIRABLE THAN THE USE OF CONTRACTOR PERSONNEL:

A. IT APPEARS UNLIKELY THAT ANY US MILITARY COMMANDER CAN GUARANTEE, ON A CONTINUING BASIS OVER A PERIOD OF YEARS, AVAILABILITY OF MILITARY PERSONNEL FOR TDY MISSIONS SUCH AS THESE. IN MISSION VIEW, COMMENDABLE THOUGH THIS PRACTICE MAY BE IN AN EMERGENCY, IT MIGHT WELL WARRANT CONGRESSIONAL CRITICISM IN THE LONG TERM.

B. THE VESTED INTEREST OF A CONTRACTOR EMPLOYEE IN ASSURING NOT ONLY THE SECURITY OF THE CLASSIFIED SHIPMENT BUT ALSO BEING IN BETTER INFORMED POSITION TO TRACK THE SHIPMENT THROUGH THE MAZE OF FOREIGN CUSTOMS TO APPROPRIATE DESTINATION WEIGHS HEAVILY IN FAVOR OF THE EMPLOYEE OVER THE RANDOMLY RECRUITED MILITARY GUARD.

C. MISSION ALSO RECALLS PRECEDENT OF SHIPMENTS FOR THE NADGE SYSTEMS WHICH UTILIZED CONTRACTOR PERSONNEL. A RETURN TO THAT PRACTICE APPEARS TO BE PRUDENT IN THIS CASE.

7. APPARENTLY THE US HAS A PECULIAR PROBLEM WITH RESPECT TO FORMAL RELEASE (OF THE ITEMS LICENSED FOR EXPORT) UPON RECEIPT AT DESTINATION. NORMALLY, IN A SHIPMENT OUTSIDE OF US GOVERNMENT CHANNELS TO A FOREIGN CUSTOMER, THE US WOULD OBTAIN RELEASE, PROPERLY WITNESSED BY A US OFFICER, TO A FRIENDLY FOREIGN EMBASSY FROM WHICH TRANSPORTATION OVERSEAS WOULD BE THE RESPONSIBILITY OF THE FOREIGN GOVERNMENT. IN THIS CASE, THE ITEM MUST PASS FROM US CONTRACTOR (UNDER HIS CONTROL ENROUTE) TO FOREIGN SUBCONTRACTOR. AS AN INTERIM SOLUTION, AFTER SOME SCRAMBLING BY LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 03 NATO 02950 03 OF 04 261823Z

RAYTHEON AND GOOD WILL OF VARIOUS MAAGS AND OTHER US FACILITIES OVERSEAS IN NATO-HAWK RECIPIENT NATIONS, US OFFICERS HAVE BEEN MEETING SHIPMENTS AND SIGNING EXPORT LICENSE RELEASES. AGAIN, FOR THE LONG TERM, THIS IMPROVISED SYSTEM APPEARS TO BE UNDESIRABLE. MISSION CONFIRMED WITH DA DCSLOG (W. JACKSON) THAT THE ARMY, ALTHOUGH VERY HELPFUL IN THE PRESENT INSTANCE, WOULD PREFER TO BE RELIEVED OF THIS UNUSUAL CHORE. IN MISSION VIEW WASHINGTON SHOULD CONSIDER RAMIFICATIONS OF TRANSFERRING THAT RESPONSIBILITY OF SIMULTANEOUSLY CERTIFYING FOREIGN GOVERNMENT RECEIPT AND US GOVERNMENT RELEASE TO PROPERLY CLEARED OFFICIALS OF OUR NATO ALLIES, WHO, LIKE THEIR COUNTERPARTS IN THE US, ARE RESIDENTS (INSPECTORS, PROJECT SUPERVISORS, ETC.) AT THE RECEIVING CONTRACTOR FACILITIES.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 01 NATO 02950 04 OF 04 261842Z

43
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-03 INR-07 L-03 ACDA-05

NSAE-00 PA-01 PRS-01 SP-02 USIA-06 TRSE-00 SAJ-01

SS-15 NSC-05 EB-07 /069 W
----- 067839

R 261630Z MAY 75
FM USMISSION NATO
TO SECSTATE WASHDC 2042
SECDEF WASHDC
DOC WASHDC
DCAS CAMERON STA ALEX VA
INFO USNHLO PARIS
DCAS WASHDC
DA WASHDC
DCASR BOSTON MASS
DCSAR BRULINGAME CA

LIMITED OFFICIAL USE SECTION 4 OF 4 USNATO 2950

8. MISSION UNDERSTANDS THAT DCAS HAS AGREED TO PERMIT RAYTHEON (AND PRESUMABLY OTHER US SUBCONTRACTORS PARTICIPATING IN THE NATO-HAWK IMPROVEMENT PROGRAM) TO SHIP CLASSIFIED EQUIPMENT VIA SHIP UNDER SECURITY OF THE SHIP MASTER'S SIGNATURE, PROVIDED THE SHIP IS A US FLAG CARRIER. OF COURSE, THE NATO AUTHORIZATION (REF C) EXTENDS TO SHIPS SAILING UNDER THE FLAG OF ANY NATO NATION. SIMILARLY NATO RECOGNIZES AS ACCEPTABLE SECURITY IN THE CASE OF AIR TRANSPORTATION ANY NATO FLAG CARRIER PLUS SCANDINAVIAN AIRLINES SYSTEM, PROVIDED THE CAPTAIN OF SUCH AIRCRAFT IS A NATO NATIONAM FOR CONFIDENTIAL MATERIEL THE SECURITY GUARD DUTIES MAY BE CARRIED OUT BY THE AIRCRAFT'S CAPTAIN OR A SPECIALLY DESIGNATED GUARD (CIVILIAN OR MILITARY). MISSION NOTES FOR WASHINGTON ATTENTION THAT ONCE WITHIN EUROPE, ANY OF THESE TRANSPORTATION METHODS CITED, PLUS RAIL AND TRUCK (UNDER GUARD), ARE UTILIZED FOR THE CLASSIFIED EQUIPMENT ITEMS OF US ORIGIN, ALTHOUGH AT LATER STAGES OF ASSEMBLY THOSE ITEMS (SUCH AS GUIDANCE AND CONTROL UNITS) NORMALLY WILL HAVE BEEN INCORPORATED INTO LARGER ASSEMBLIES OR LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 02 NATO 02950 04 OF 04 261842Z

MAJOR ITEMS (SUCH AS COMPLETE MISSILES). FROM THE POINT OF VIEW OF THE NATO-HAWK BOD, THE GEN MGR, AND THE TIER OF CONTRACTORS, IT APPEARS RATHER POINTLESS FOR THE US TO APPLY ADDITIONAL RESTRICTIONS ON THE US-EUROPE SHIPMENT LEG BEYOND THOSE APPROVED BY NATO AND PRACTICED THROUGHOUT EUROPE FOR THE SAME ITEMS LATER ON. MISSION CONCURS WITH NATO-HAWK IN THIS ASSESSMENT.

9. THE PROBLEMS OF US INDUSTRIAL SECURITY PROCEDURES WHICH FACE NATO-HAWK ARE NOT UNIQUE TO THAT ORGANIZATION. AT RECENT MEETINGS OF THE US DEFENSE ADVISORY GROUP EUROPE (DIAGE) CONSIDERABLE DISCUSSION HAS BEEN DEVOTED TO BOTH PROBLEMS OF US INDUSTRIAL SECURITY PROCEDURES (AND THEIR VARIANCE WITH NATO REGULATIONS AND THOSE OF HOST EUROPEAN NATIONS) AND CLEARANCE OF EXPORT LICENSES. THE RECURRING THEME OF THE COMPLAINTS IS THAT FOR EVERY CASE IN EITHER AREA THE US CONTRACTOR MUST START FROM THE BEGINNING. THE PROBLEMS THAT FACED NATO-HAWK (WITH VARIAN ASSOCIATES) LAST YEAR HAVE ARISEN ANEW WITH RAYTHEON THIS YEAR AND APPEAR TO CONFIRM THE DIAGE COMPLAINTS

WITH RESPECT TO US APPLICATION OF INDUSTRIAL SECURITY REGULATIONS. MISSION REQUESTED IN SEP 74 (REF A) NOT ONLY CONFIRMATION OF SUITABILITY OF TRANSPORTATION ARRANGEMENTS FOR VARIAN BUT ALSO SEPARATE INSTRUCTIONS WHEN AVAILABLE (ON ASSUMPTION THAT FURTHER ANALYSIS MIGHT BE REQUIRED) FOR TRANSPORTATION ARRANGEMENTS TO OTHER AUTHORIZED RECEPTION DEPOTS OR NATO-HAWK CONTRACTOR FACILITIES. MISSION RECOMMENDS THAT WASHINGTON INCLUDE THIS NEW CASE AND ITS SPECIFIC PROBLEMS IN SUCH FURTHER ANALYSIS AND IN PARTICULAR SUGGESTS THAT CONCENTRATION BE DIRECTED TOWARD THE PROBLEMS ASSOCIATED WITH DIRECT CONTRACTOR SALES. THE US DOCUMENT ON INDUSTRIAL SECURITY (REF D) IS INADEQUATE IN THIS REGARD. ANOTHER FUZZY AREA IS THE RELATIONSHIP OF THE US SECURITY ARRANGEMENTS WITH A NATO PRODUCTION AND LOGISTICS ORGANIZATION AS OPPOSED TO A SINGLE FRIENDLY (NATO OR OTHER) NATION WITH WHOM TH US HAS A SPECIFIC BILATERAL ARRANGEMENT.

10. IN SUMMATION, MISSION RECOMMENDS THAT WASHINGTON REVIEW THOROUGHLY AND REVISE APPROPRIATELY US INDUSTRIAL SECURITY PROCEDURES IN THE AREAS CITED ABOVE. RAYTHEON WITH ITS NATO-HAWK PROBLEMS IS BUT ONE OF THE MANY PROGRAMS AND FIRMS AFFECTED. FOLLOWING CLOSE ON THE HEELS OF NATO-HAWK SHIPMENTS TO EUROPE ARE RAYTHEON DIRECT SALES SHIPMENTS TO SAUDI ARABIA. TRANSPORTATION PROBLEMS IN THAT PROGRAM ARE SIMILAR TO THOSE FACING NATO-HAWK.
LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 03 NATO 02950 04 OF 04 261842Z

POSSIBLE COPRODUCTION EFFORTS IN THE NATO AWACS (US E3-A AND ASSOCIATED GROUND STATIONS) PROGRAM AND THE NATO AIR COMBAT FIGHTER (US F-16) PROGRAM HOPEFULLY ARE NOT FAR IN THE FUTURE. REVISED REGULATIONS SHOULD TAKE PROGRAMS SUCH AS THESE INTO ACCOUNT AND ALSO REFLECT FULLY THE INTENT OF THE CONGRESS TO EMPHASIZE US CONTRACTOR DIRECT SALES AS A VIABLE US BUSINESS APPROACH WHICH THE US GOVERNMENT IS OBLIGED TO SUPPORT.

11. THIS MESSAGE HAS BEEN COORDINATED WITH THE OFFICE OF INDUSTRIAL SECURITY, EUROPE (J. CONNOLLY). MISSION REQUESTS INITIAL WASHINGTON VIEWS ON THESE MATTERS BY COB 16 JUNE, ONE WEEK PRIOR TO NEXT NATO-HAWK BOD MEETING.BRUCE.

LIMITED OFFICIAL USE

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 18 AUG 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 26 MAY 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GarlanWA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975NATO02950
Document Source: ADS
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: 11652 NA
Errors: n/a
Film Number: n/a
From: NATO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750599/abbrzkfv.tel
Line Count: 475
Locator: TEXT ON-LINE
Office: n/a
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 9
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: A. USNATO 5236, 252050Z SEP 74. B. DALO-ILS MSG 041618Z OCT 74. C. NATO DOCUMENT C-M(55)15(FINAL), VOL. II, ENCLOSURE D, REVISED 4 OCT 74, SUBJ: INDUSTRIAL SECURITY. D. DOD 5220.22-M, APR 74, INDUSTRIAL SECURITY MANUAL FOR SAFEGUARDING CLASSIFIED INFORMATION.
Review Action: RELEASED, APPROVED
Review Authority: GarlanWA
Review Comment: n/a
Review Content Flags:
Review Date: 21 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 APR 2003 by GolinoFR>; APPROVED <16 MAY 2003 by GarlanWA>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SHIPMENT OF CLASSIFIED MATERIAL FROM CONUS TO OVERSEAS
TAGS: ASEC, MILI, NATO
To: STATE
SECDEF
DOC
DCAS CAMERON STA ALEX VA INFO USNHLO PARIS

DCAS
DA
DCASR BOSTON MASS
DCSAR BURLINGAME GA

Type: TE

Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006